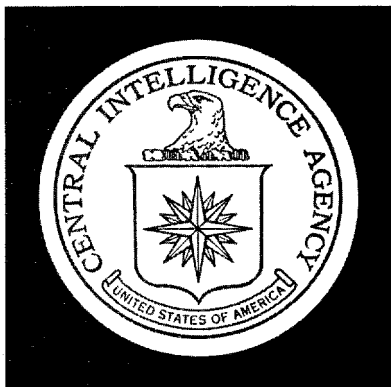


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9 January 1967

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Approved For Release 2003/04/18 : CIA-RDP79T00975A009500220001-2

9 January 1967

25X1

Central Intelligence Bulletin

CONTENTS

Vietnam: Current situation report. (Page 1)

25X1

West Germany - Eastern Europe: Bonn expanding efforts to establish diplomatic relations. (Page 5)

Japan: US policies loom as major issue in 29 January general election. (Page 6)

Venezuela: Extremists to continue urban terrorism. (Page 7)

N O T E

Bahamas: House of Assembly elections.

*Vietnam: (Information as of 4:30 AM EST)

South Vietnamese Political Situation: The first draft of South Vietnam's new constitution has reportedly been completed for presentation to the Constituent Assembly on 11 January.

[The type of government it will stipulate, a modified presidential system with a popularly elected president, an appointed prime minister, and various advisory councils, is apparently tailored to fit Vietnamese traditions and needs. According to the US Embassy, the constitution was drafted with particular efforts to surround the president with sufficient checks and balances to preclude his becoming a dictator.]

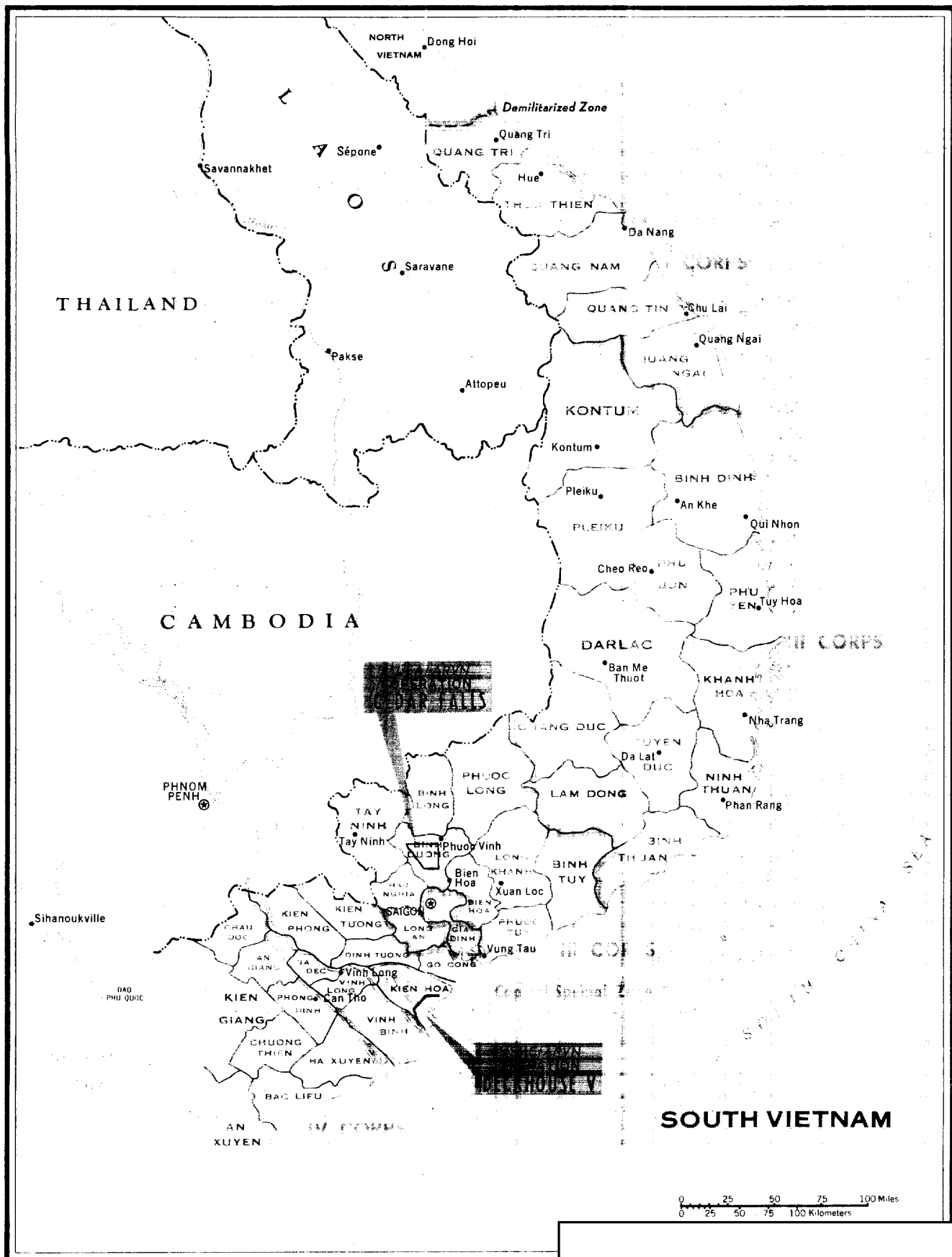
[The deputies now have approximately two-and-a-half months to settle controversies over many of the constitution's finer points, such as the role of the military in the election process and whether or not to elect province chiefs. In addition, the desire of the assembly to play a role in the transition period between the actual promulgation of the constitution and the election of a president may spur some conflicts between the government and the assembly.]

[Moreover,] the government and the assembly are still at odds over the Directorate's power to revise the draft constitution. According to the embassy, an assembly committee will hold a press conference on 10 January to review the steps taken to date to alter the basic charter which established the assembly. In addition to requiring a two-thirds vote of the assembly to overrule constitutional revisions by the Directorate, that charter also stipulates that the assembly's work terminates when the constitution comes into effect.

The Military Situation in South Vietnam: Operation DECKHOUSE V continues into its fourth day with no significant contact with enemy forces reported. The

9 Jan 67

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three-battalion US/South Vietnamese force is sweeping the coastal areas of the delta province of Kien Hoa, 55 miles south of Saigon, in search of Viet Cong troops and supply areas.

Twenty battalions--17 US and three ARVN--began a huge search-and-destroy operation named CEDAR FALLS yesterday in Binh Duong Province north of Saigon. Nine B-52 raids in three days have been directed against this one-time Viet Cong sanctuary. An estimated 1,500 Communist troops are reported in the area; however, no contact with the enemy has been reported.

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(Information as of 5:00 AM EST)

Several small unit contacts have now been reported in Operation CEDAR FALLS in which six US troops were killed and 33 wounded. Communist casualties include 57 killed and 16 captured.

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9 Jan 67

2

25X1

25X1

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Next 2 Page(s) In Document Exempt

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West Germany - Eastern Europe: [Bonn is expanding its efforts to establish diplomatic relations with East European countries.]

[A delegation from the West German Foreign Ministry was due in Bucharest on 6 January. A ranking Foreign Ministry official is scheduled to visit Budapest in late January, and a visit to Prague is pending.]

[The West German chargé in Washington has informed the Department of State that the cabinet of Chancellor Kiesinger feels that the best chance of success lies in Bucharest and has decided to make the first test there. Poland, according to the chargé, was not included in the current round because it would demand recognition of the Oder-Neisse line.]

[Bucharest can be expected to give serious consideration to Bonn's initiative since an agreement would help to build Bucharest's independent image. The main problem to be solved is the applicability of any agreement to West Berlin, but a West German official recently indicated that a simple verbal understanding might be sufficient.]

[For Bonn, the chief concern would be to preserve the Hallstein Doctrine under which it breaks diplomatic relations with any country, apart from the USSR, which recognizes East Germany. The chargé indicated that the Kiesinger government would seek the help of its Western Allies in convincing third countries that the Hallstein Doctrine excepts East European states since they were forced by circumstances to recognize the Ulbricht regime.]

25X1

9 Jan 67

5

Japan: [US policies in Asia loom as a major issue in the 29 January general election.]

[Prime Minister Sato and top advisers in his Liberal Democratic Party (LDP) apparently have decided that maintenance of the US-Japan security relationship constitutes their best issue in the campaign which began officially yesterday. The opposition would like to focus on the much-publicized scandals involving prominent members of the LDP, but the major opposition party, the Japan Socialist Party, will probably take up Sato's challenge since the security treaty has long been one of its chief targets. The Socialists claim that the treaty threatens to involve Japan in a war growing out of the Vietnamese conflict. In addition to attacking the treaty, and US bases in Japan, the left will exploit Japanese sentiment for the prompt reversion of Okinawa to Japanese sovereignty.]

[Sato is probably counting on growing public consciousness of Japan's security needs. One of his major efforts in office has been to encourage discussion of this long-avoided issue to counter the left's long-range campaign to end the treaty relationship in 1970, when the security treaty can be revised or terminated. Sato's activities have produced the most serious public debate on security issues in years and may help offset opposition attacks over the next three weeks.]

25X1

9 Jan 67

6

Venezuela: [Extremists plan to continue urban terrorism, hoping to provoke a military coup.]

[President Leoni is under pressure from certain military sectors to press the crackdown on subversives, especially in the university. He is also faced with threats of terrorism by extreme leftists in the university if a police force is stationed there. The US Embassy reports that Leoni is, however, disposed to hold firm in dealing with the university.]

[A letter received by the US Embassy in Caracas warns that "three to one" vengeance will be exacted for each Communist "combatant" killed or arrested. The embassy has increased security precautions in case the embassy or US personnel become targets of FALN retaliation.]

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NOTE

Bahamas: [The governing United Bahamian Party will probably be returned to power with a narrow majority of the House of Assembly seats which are being contested in tomorrow's elections. The opposition Progressive Liberal Party (PLP), which suffered badly in the last election in 1962 as a result of gerrymandering, will probably accept the results unless it makes an unexpectedly poor showing. Nevertheless, there is a strong possibility that PLP malcontents will cause disorders and perhaps serious violence in Nassau on election night or immediately thereafter.]

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9 Jan 67

8

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